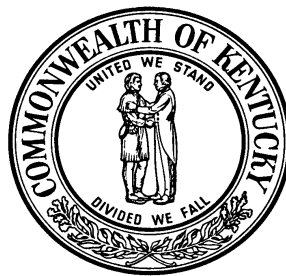


**REPORT OF THE AUDIT OF THE
CHRISTIAN COUNTY
SHERIFF**

**For The Year Ended
December 31, 2010**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE CHRISTIAN COUNTY SHERIFF

**For The Year Ended
December 31, 2010**

The Auditor of Public Accounts has completed the Christian County Sheriff's audit for the year ended December 31, 2010. Based upon the audit work performed, the financial statements present fairly, in all material respects, the revenues, and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Christian County Sheriff had total receipts of \$2,758,833, which was a \$63,754 increase from the prior year. Except for reimbursed expenses and 100% fees in the amount of \$646,170 and fiscal court contributions of \$1,257,700, and \$15,173 operating expenses, the Sheriff paid 25% of receipts to the Christian County Fiscal Court in the amount of \$161,709. This was an increase of \$11,028 from the prior year. In addition, 75% operating fund expenditures increased by \$351,179. The 75% operating fund balance decreased \$236,638 from the prior year.

Report Comments:

- 2010-01 The Sheriff Should Require Supporting Documentation For Credit Card Expenses
- 2010-02 The Sheriff Should Review Cell Phone Charges
- 2010-03 The Sheriff Should Determine The Amount Of Overtime Due To Deputy

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
Honorable Lewis Leavell, Jr., Christian County Sheriff
Members of the Christian County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the Sheriff of Christian County, Kentucky, and the statement of revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2010. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the revenues and expenditures of the Sheriff and the revenues, expenditures, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2010, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2011 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Steve Tribble, Christian County Judge/Executive
Honorable Lewis Leavell, Jr., Christian County Sheriff
Members of the Christian County Fiscal Court

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2010-01 The Sheriff Should Require Supporting Documentation For Credit Card Expenses
- 2010-02 The Sheriff Should Should Review Cell Phone Charges
- 2010-03 The Sheriff Should Determine The Amount Of Overtime Due To Deputy

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Christian County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

August 22, 2011

CHRISTIAN COUNTY
LEWIS LEAVELL, JR., SHERIFF
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2010

Revenues

Federal Grant		\$	8,185
State Grant - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)			102,641
State Fees for Services			206,248
Circuit Court Clerk			33,588
Fiscal Court			1,257,700
County Clerk			54,162
Commission on Taxes			804,745
Fees Collected for Services:			
Auto Inspections	\$	26,905	
Accident and Police Reports		2,226	
Serving Papers		67,943	
Carrying Concealed Deadly Weapon Permits		11,740	
Sheriff's Add On Fees		69,666	178,480
Other Revenues:			
Overtime Reimbursement		26,533	
Crofton Contract		55,266	
Returned Check/Tax Bill Fees		3,474	
Fugitive Trips		2,541	
Building Fund Fees		14,210	
Interest Earned		1,820	
School Reimbursement		2,240	
Imprest Cash		7,000	113,084
Total Revenues			2,758,833

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
LEWIS LEAVELL, JR., SHERIFF
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

Expenditures

Other Expenditures:

Fugitive Trips	\$	880
Miscellaneous		83
Building Fund Fees		<u>14,210</u>

Total Expenditures		\$	<u>15,173</u>
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Net Revenues			2,743,660
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Payments to State Treasurer:

75% Operating Fund	2,581,951		
25% County Fund	<u>161,709</u>		<u>2,743,660</u>

Balance Due at Completion of Audit		\$	<u><u>0</u></u>
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The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
LEWIS LEAVELL, JR., SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND
FUND BALANCES OF THE SHERIFF'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2010

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2010	\$ 236,638	\$	\$ 236,638
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	2,581,951		2,581,951
Fees Paid to State - County Funds (25%)		161,709	161,709
Total Funds Available	2,818,589	161,709	2,980,298
<u>Expenditures</u>			
Christian County Government	138,298	161,709	300,007
Personal Services-			
Officials Statutory Maximum	97,848		97,848
Officials Training Incentive	3,624		3,624
Deputies Salaries	1,357,632		1,357,632
Overtime	33,052		33,052
Employee Benefits-			
Social Security	104,794		104,794
Retirement	220,256		220,256
Health Insurance	365,629		365,629
Workers Compensation Insurance	7,428		7,428
Contracted Services-			
Advertising	347		347
Data Processing Services	6,305		6,305
Rentals	3,592		3,592
Materials and Supplies-			
Office Supplies	14,209		14,209
Uniforms	15,967		15,967

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
 LEWIS LEAVELL, JR., SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Expenditures</u> (Continued)			
Other Charges-			
Ammunition	\$ 5,007	\$	\$ 5,007
Cell Phone/Internet	20,551		20,551
Dues	2,196		2,196
K-9	13,736		13,736
Maintenance Agreement	11,938		11,938
Medical Services	815		815
Miscellaneous	7,688		7,688
New Hire Testing	1,100		1,100
Postage	9,850		9,850
Printing	1,404		1,404
Repair Office Equipment	1,959		1,959
Registration/Conferences	4,314		4,314
Software	6,012		6,012
Travel	21,104		21,104
Auto Expenses-			
Gasoline	142,402		142,402
Maintenance and Repairs	58,135		58,135
Tires	10,796		10,796
Capital Outlay-			
Equipment	31,783		31,783
Office Equipment	4,759		4,759
Vehicles	94,059		94,059
Total Expenditures	2,818,589	161,709	2,980,298
Fund Balance - December 31, 2010	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2010 services
- Reimbursements for 2010 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2010
- Payroll expenditures incurred but not paid

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CHRISTIAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.16 percent for the first six months and 16.93 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

CHRISTIAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010
(Continued)

Note 3. Deposits

The Christian County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Christian County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Leased Vehicles

The Christian County Sheriff's Office makes payments on lease agreements for Sheriff's vehicles included in the Christian County Fiscal Court's financial statements. The county is listed as the lessee on the lease agreements with KACO.

Note 5. K-9/Donation Account

The Christian County Sheriff maintains a K-9/Donation account for the purpose of maintaining a drug dog. The beginning balance as of January 1, 2010 was \$650. Receipts for 2010 were \$4,400. Disbursements for 2010 were \$1,528. The balance as of December 31, 2010 was \$3,522.

Note 6. Discretionary Fund

The Christian County Sheriff maintains a Discretionary Account in accordance with KRS 64.345. As of January 1, 2010 the balance of the Discretionary Account was \$7,163. Receipts for 2010 were \$0. Disbursements for 2010 were \$7,163. The ending balance as of December 31, 2010 was \$0.

CHRISTIAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010
(Continued)

Note 7. Drug Fund

The Christian County Sheriff established a Drug Fund Account for monies received from court ordered forfeitures in connection with drug related arrests. As of January 1, 2010 the balance of the Drug Fund was \$23,092. During 2010, receipts were \$15,899 and expenditures were \$32,594 resulting in a balance of \$6,397 as of December 31, 2010.

Note 8. Equitable Sharing Fund

The Christian County Sheriff established an Equitable Sharing Fund in January 2010 for forfeiture funds received. During 2010 receipts were \$24,128 and expenditures were \$12,828 resulting in a balance of \$11,300 as of December 31, 2010.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Tribble, Christian County Judge/Executive
The Honorable Lewis Leavell, Jr., Christian County Sheriff
Members of the Christian County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Christian County Sheriff for the year ended December 31, 2010, and have issued our report thereon dated August 22, 2011. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Christian County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Christian County Sheriff's financial statement for the year ended December 31, 2010, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2010-01, 2010-02, and 2010-03.

The Christian County Sheriff's responses to the findings identified in our audit are described in the accompanying comments and recommendations. We did not audit the Sheriff's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Christian County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

August 22, 2011

COMMENTS AND RECOMMENDATIONS

CHRISTIAN COUNTY
LEWIS LEAVELL, JR., SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2010

STATE LAWS AND REGULATIONS:

2010-01 The Sheriff Should Require Supporting Documentation For Credit Card Expenses

During testing of disbursements, we discovered the Sheriff was not maintaining supporting documentation for all fuel credit card purchases. We noted twenty (20) different gas card users were not submitting individual invoices for fuel to the bookkeeper. For the bill tested, twenty-seven (27) receipts were missing and seven (7) receipts were hand written by the deputies. In Funk vs. Milliken, 317 S.W. 2d 299 (KY 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if the expenditures are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature. Credit card statements are not sufficient documentation. Actual gas receipts should be maintained to corroborate the gas credit card bill. We recommend the Sheriff require gas receipts be remitted to corroborate the gas credit card bill.

Sheriff Lewis Leavell, Jr.'s Response: This was previously discussed with my deputies. I will address this issue again. If this continues, deputies maybe required to reimburse due to lack of receipt. In addition to the credit card statement a detail is received for all purchases, this is reviewed monthly.

2010-02 The Sheriff Should Review Cell Phone Charges

During testing of disbursements, we noted charges for cell phone usage seemed excessive. Total charges for 2010 were \$12,895. This includes equipment charges of \$567 and usage charges of \$1,383. The bills include charges for texting as well as data plan charges. In Funk vs. Milliken, 317 S.W. 2d 299 (KY 1958), Kentucky's highest court reaffirmed the rule that county fee officials' expenditures of public funds will be allowed only if the expenditures are necessary, adequately documented, reasonable in amount, beneficial to the public, and not personal in nature. We recommend the Sheriff review cell phone bills to ensure the Sheriff's office cell phone charges are reasonable and necessary.

Sheriff Lewis Leavell, Jr.'s Response: The plan will be reviewed to determine ways to reduce our monthly bill. The bill will be reviewed to identify excessive charges.

CHRISTIAN COUNTY
LEWIS LEAVELL, JR., SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2010
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

2010-03 The Sheriff Should Determine The Amount Of Overtime Due To Deputy

During testing of payroll, we noted one employee that was employed full-time for the Sheriff's Office and was a part-time employee of the County Jail. This employee regularly worked 40 hours a week at the Sheriff's office and then worked in excess of one hundred (100) hours a month for the County Jail. Although the Sheriff's payroll is processed by the Commonwealth of Kentucky, the Sheriff's employees are employed by the Christian County Fiscal Court. We also noted the employee was regularly working in excess of eight (8) hours a day between the two locations. Per inquiry, the employee is not paid overtime wages for either location unless the employee goes over forty (40) hours a week per position. We recommend the Sheriff contact the County Attorney and Wage and Hour to determine the amount of overtime due the deputy, if any, and determine how much of the overtime is due from the Sheriff's office and how much is due from the Jail.

Sheriff Lewis Leavell, Jr. 's Response: I will consult with our County Attorney and Jailer to resolve this issue.

